INTRODUCTION

This report grew out of an April 2001 study on energy prepared by the U.S. Agency for International Development (USAID) for the ninth session of the United Nations Commission on Sustainable Development. That study, called *Energy for Life, A Case Study Compendium*, contained 35 examples demonstrating the variety of ways that energy technologies can improve quality of life and showing the dramatic impact these technologies can have on economic development.

This report presents case studies of energy and water technology applications to illustrate how sustainable development can flourish in developing countries when principles of good governance are present. It also illustrates that funding from both the private and the public sectors flows to areas where principles of good governance are operating.

A sustainable development project must meet three criteria. First, it must result in economic growth — a good or service must be provided, and jobs must be created. Second, it must encourage social development — the goods or services developed must promote or enhance communities and social systems. Third, the project must occur in a manner protective of human health and the environment.

Governance refers to the processes by which public, private, and civil society[1] participants organize themselves and coordinate with each other to make decisions, develop rules of behavior, and distribute rights, obligations, and authority. Good governance incorporates transparent,[2] accountable, and participatory practices designed to build consensus on priority needs and foster the more generalized building of civil society and cultures.

Some basic principles of good governance are listed here:

- Integrated, intersectoral, and multi-objective decision making;
- Informed and science-based decision making that includes adequate public input;
- Broad stakeholder participation and empowerment;
- Strong, effective, and culturally appropriate institutional, policy, and legal frameworks (including standards and regulations);

- Effective coordination among sectors;
- Emphasis on decision making and assignment of authority at the lowest appropriate level; and
- Commitment to create and strengthen strong human and organizational ties.

Although the water and energy projects highlighted in this report are diverse, they all have one thing in common: they attracted private-sector funding. While many also included public financing, the combination of sustainable development and good governance attracted the private-sector support.

The case studies represent instances where commercially proven energy and water technologies have been successfully applied. These success stories often could not have occurred without technology research, development, and transfer, or without enabling actions such as feasibility analyses and institution-building programs. Indeed, the process of technology diffusion and adoption begins with research and development and ultimately depends on the proper institutional environment of policies and regulations for ultimate commercialization. The appendix to this report provides examples of (1) energy and water technologies currently under development that have the potential to contribute to sustainable development and (2) programs that are contributing or have contributed to the development of an enabling policy environment in which sustainable development could occur.

In conclusion, this work is designed to complement a much larger U.S. government effort in support of the World Summit on Sustainable Development that is now underway. This larger effort will result in a profile of international activities by the U.S. government in support of sustainable development initiatives and programs across all sectors. The profile, *Working for a Sustainable World: U.S. Government Initiatives to Promote Sustainable Development*, should be available in August 2002.

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[1] "Civil society" refers to the realm of society in which social institutions operate. These include families, churches, neighborhoods, civic groups, etc.

[2] "Transparent" means open access to information about procedures, policies, and decisions, whether by government, corporations, or civic groups. Access to information permits stakeholders to challenge authoritative actions with which they disagree and to seek redress for misconduct. Access to information also deters misconduct by reminding officials of their accountability.